

Hon. Dean Brown AO

Thursday 10th April 2008

Mr Peter Short
Principle Research Officer
Senate Select Committee on Agriculture and Related Industries
Department of the Senate
POB 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Short

Further to our earlier conversation concerning submissions in the Inquiry into fertiliser pricing and supply arrangements, I wish to lodge a formal submission.

I lodge the submission as the Premier's Special Advisor on the Drought, South Australian Government.

Attached are four statements prepared by farmers on Eyre Peninsula which set out a number of serious concerns as to the trading practices. Each of the farmers have asked their names be kept confidential, in which case their evidence can be made public but as coming from farmers A, B, C and D.

If it is appropriate and convenient to the Committee, I request to appear before the Senate Select Committee to formally submit the evidence on behalf of the farmers.

Yours sincerely



Dean Brown
Premier's Special Advisor on the Drought
South Australian Government

24th March 2008

Dear .

Please find enclosed my recollection of an enquiry that I made to Elders Ltd Wudinna on 22nd January 2008 regarding availability and price for fertiliser. I make the statement below to the best of my recollection.

Yours sincerely

To whom it may concern.

On January 22nd 2008 I enquired at Elders Ltd Wudinna in regard to fertiliser prices and availability.

handled the enquiry in role as agronomist for the branch. was also present during the conversation.

When I enquired as to the price and availability said that they had received an allocation of 1200 tonnes and that the price was \$1075 excluding GST, but we could not order any as I had not purchased fertiliser from them last year.

This does not seem at all fair as we have an account with them and we trade within 30 days. It certainly increases the uncertainty and pressure to obtain fertiliser when it is trickled out and prices climb especially if you are held out of the market.

To Whom it may concern

Statement of Events – Fertiliser Order 2008

Having experienced supply shortages during the previous season (2007), leaving us no fertiliser to finish seeding and incurring price rises in the interim, I chose to order 2008 fertiliser early to make most use of back-loading opportunities and assure supply.

After a telephone conversation with the proprietor of a rural supply outlet with whom I have dealt with for the past 15 years, I ordered a road train (52 tonne) of 18:20 DAP at the quoted price of \$645/tonne + GST.

The order was confirmed by a fax stating price and tonnage which I was to sign and return to the Company. This was completed.

A number of weeks passed by and having not heard from the fertiliser outlet, I rang to check on the progress of the order. I was told that the Company (Incitec/Pivot) had withdrawn from the contract for no given reason and I could reorder for an extra \$100/tonne (\$745/tonne + GST).

I reluctantly re-ordered for the above price, but had missed out on any chance of back-loading the fertiliser from Port Lincoln while the wheat harvest was actively being delivered from our area. Because of the time delay, the freight component was yet another additional cost to our original budgeted cost of fertiliser.

We finally received our order on the 13th December 2007.

Signed By:

Witnessed By:

Dated: 23 March 2008.

April 10, 2008

Dear

A brief account of our difficulties purchasing fertilizer for this season:

Unlike other seasons when we normally purchase our fertilizer requirements in June for use the following season, due to cashflow constraints last June and the major uncertainty in fertilizer supply and pricing, we delayed attempting to source it until early September, when we stated to enquire from our normal supplier, WCT at Wudinna. It took several weeks for them to get to a position to quote a firm price, until on in mid October we, along with other farmers I know, ordered our requirements at \$675 per tonne. This was a firm commitment to purchase made by telephone due to harvest being underway.

However, on about 1st November, we were contacted by [redacted] from WCT Wudinna to inform us that his supplier, whom I believe to be Pivot in this case, had simply reneged on their commitment to supply at the previously agreed price, or in fact any price, a situation he was extremely unhappy about. Never before had we had a supplier of any input simply refuse to honor an order, which was even more offensive when our information was that there was ample product in their store to supply.

[redacted] and WCT have always given us outstanding and loyal service, so we simply agreed to leave the situation in his hands until he was able to take orders again, and on November 30 we ordered for \$750 per tonne, which was delivered on 4th December and invoiced at \$745.

While the \$70 per tonne this episode cost us pales into insignificance when compared to where fertilizer prices have gone since, the behavior of the supplier and how they have treated both WCT and their customers in this case has caused lasting offence. I would like to make very clear that WCT offered their normal excellent service throughout this episode and the problems in no way reflected badly on any part of their business.

Yours sincerely,

The Managing Director
Incitec Pivot
70 Southbank Boulevard
Southbank 3006 Vic

Dear Sir

We are farmers who have lost three fifths of our grain income 2007/08 harvest due to your company breaking your contract to supply ordered fertilizer (via the local agent). It is essential that crops are sown at the premium time to ensure maximum returns on the huge input costs and hopefully return a profit margin. What is most disappointing is that this is unable to occur due to your failure to fulfil your contract. What is even more disappointing – in fact appalling is your total disregard for this issue, when you should be doing all your can to recompense those that have had losses.

Unfortunately we are all only small players and cannot afford to seek recompense through courts as large companies such as yours can. If you will not listen to your local agents (which you don't) and the local agents cannot afford to meet you in court (you broke your contracts with them) then there is no way that we at the lowest rung of this business can.

I hope you sleep well at night, heading up a company with no moral fibre at all and no care for anyone other than making huge profits for yourselves, regardless of how this is achieved.

Yours faithfully